



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

March 19, 2001

*Released
7-10-02*

TO: Lowell P. Braxton, Director *LPS*
THRU: Mary Ann Wright, Associate Director *MAW*
THRU: D. Wayne Hedberg, Permit Supervisor *DWH by JB*
FROM: Tom Munson, Senior Reclamation Specialist *TM*
RE: Request for Approval of Form and Amount of Replacement Reclamation Surety, Tintic Utah Metals, Burgin Mine, M/049/009, Utah County, Utah

On July 2, 1998, the Division received a surety bond from Tintic Utah Metals, LLC (Tintic) for the Burgin mine, issued by Frontier Insurance Company in the amount of \$350,000. At that time, the mine was being transferred from Sunshine Mining Company to Tintic Utah Metals. Tintic accepted responsibilities for Sunshine's permit and all associated reclamation as provided by the Act, by letter received July 20, 1998. Tintic requested that the Division release three (3) prelaw areas included in the original permit, that had not been impacted to date. Tintic had no intention of disturbing those areas and requested that the bond amount be adjusted accordingly. The Division released Sunshine's bond for this project at that time. Tintic's surety was listed on our "interim" bonding list while awaiting a revised LMO that was forthcoming.

We were requested by management to finalize all outstanding "interim" sureties. Therefore, we received a replacement Reclamation Contract from Tintic. The Reclamation Contract and surety bond were sent to our legal counsel for review before finalizing. In June, 2000, our legal counsel informed us that Frontier Insurance Company's rating had dropped from an A+ rating to C++ and we should not accept the Frontier surety. We advised Tintic of this situation and since that time they have diligently pursued finding a replacement surety – with no success.

Therefore, Tintic has now provided the Division with a new Reclamation Contract and they have put in place two Certificates of Deposit (CD) # _____ and _____ each in the amount of \$175,000 issued by Zions Bank – Payson Branch. The CD's are furnished by Chief Consolidated Mining Company (the parent company of Tintic Utah Metals). Our legal counsel advised us that both Chief Consolidated Mining Company and Tintic Utah Metals, LLC must be listed on the Reclamation Contract and on the CD's. We have prepared a CD cover letter to be sent to Zions Bank, which requires your signature. The Division's legal counsel has reviewed the documents for accuracy.

If you are in agreement with the acceptance of the Reclamation Contract and this form of surety, please sign and date the documents. We will then forward the signed CD cover letter to Zions Bank who will then issue the original CD's to our office. Zions Bank will also be sending signature cards for your signature to be affixed. Thank you for your time and consideration of this request.